

Of Politics & Markets

November 6, 2008

Of Politics

No matter which presidential candidate you voted for, there can be no denying the history of the moment. For Craig, growing up in the metro-Boston area during the busing era, seeing an African-American become President-elect seems almost surreal.

From witnessing children of dark skin having rocks thrown at them to watching the local news during high school and seeing a well-dressed black businessman being stabbed in the stomach with the pole an American flag was held on, surely the recent events are cause for celebration. America, the true land of immigrants and diversity, has finally entered the 21st century. We at FFA choose to celebrate and honor this moment. The African American/Black community that has suffered more than most certainly deserves this time in history.

It is clear that more than the motto of “change” dominated the voting landscape; we believe it is the promise of hope that carried the day. We read consistently that Obama brings hope and surely we could all use a dose of that right now. However, hope is not a strategy and there remain historic challenges to deal with. May we all join in to make our country and this world a better place for all...and may we all continue to hold our politicians accountable.

Now it is time for the pundits to tell us how a Democratic majority will affect the markets. And it is time for us to dispel these pundits yet again. Surely the markets of 2008 have taught us yet again that no pundit, no guru, no investment genius can predict the course of the markets in the near future. To claim otherwise is simple negligence to us.

Of Markets

For investment clients, shortly you will receive your monthly TD Ameritrade statement. This monthly ritual has taken on a life of its own with clients. Some clients simply don't open the envelope; others hand it to their spouse to open; yet others tear the envelopes open quickly to learn the fate the markets have delivered.

For the clients with exposure to stocks and bonds, the picture will not be a pretty one. Simply put, October was an ugly month for almost all holdings advocated by FFA. Unless you were invested in cash or CDs, the statement will reflect significant drops in values. More painfully, these losses are added onto losses incurred in September.

There are no two people in this industry who feel the pain of these drops as deeply and personally as we do. While we have the fortune of years of experience seeing values rise and drop, many clients have not experienced the turbulence that has surrounded us recently. We feel the pain of each client who is witnessing years of savings and growth seemingly vanish overnight. We too invest alongside our clients and we too have experienced substantial drops in account values. While this should not be viewed as a call for sympathy, it does hopefully show that we suffer as you suffer. We are fortunately experienced enough to not allow emotion to win; our portfolios and FFA clients' portfolios are structured soundly and appropriately for each individual situation.

In regards to the markets, we do not believe that we are in a new era where stocks and bonds no longer make sense. We remain steadfast in our continued belief in the capitalist system, in the ultimate profitability of stock and bond markets, in asset allocation, and in low-cost, buy and hold investing. While clearly there are broken areas of the system, overall the system has withstood a tsunami and still stands, albeit a tad crooked. We believe the wounds the financial system has incurred will heal and strengthen, just as a human wound does, making the system stronger and sounder in the end.

In prior commentaries, we have taken pains to discuss steps we can all take during these difficult times. Taking action on things we can control tends to help dissipate the stress we feel from not being able to control things like the stock and bond markets. Choose one financial move a month and run with it, the effort will be therapeutic. Reduce debt, increase savings, review discretionary expenses, increase income...any of these are solid financial moves that can bring significant positive financial results.

As always, we are here for you during these seemingly never-ending tumultuous days. We remain grateful and thankful for your trust and confidence.

Best Regards,

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